

1-1 By: Davis of Harris, Fallon H.B. No. 3736
 1-2 (Senate Sponsor - Huffman)
 1-3 (In the Senate - Received from the House May 12, 2015;
 1-4 May 14, 2015, read first time and referred to Committee on State
 1-5 Affairs; May 22, 2015, reported favorably by the following vote:
 1-6 Yeas 8, Nays 0; May 22, 2015, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	Huffman	X		
1-10	Ellis	X		
1-11	Birdwell	X		
1-12	Creighton	X		
1-13	Estes	X		
1-14	Fraser	X		
1-15	Nelson		X	
1-16	Schwertner	X		
1-17	Zaffirini	X		

1-18 A BILL TO BE ENTITLED
 1-19 AN ACT

1-20 relating to conflicts of interest by members of state agency
 1-21 governing boards and governing officers; creating a criminal
 1-22 offense.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Subtitle B, Title 5, Government Code, is amended
 1-25 by adding Chapter 576 to read as follows:

1-26 CHAPTER 576. CONFLICT OF INTEREST BY STATE AGENCY GOVERNING BOARD
 1-27 MEMBER OR OFFICER

1-28 Sec. 576.001. DEFINITIONS. In this chapter:

1-29 (1) "Conflict of interest" means the conflict between
 1-30 an official decision made by a state agency governing board member
 1-31 or governing officer in the individual's official capacity and the
 1-32 individual's private financial interest in which the individual
 1-33 realizes any pecuniary gain.

1-34 (2) "Financial interest" means ownership or control,
 1-35 directly or indirectly, of an ownership interest of at least five
 1-36 percent in a person, including the right to share in profits,
 1-37 proceeds, or capital gains, or an ownership interest that an
 1-38 individual could reasonably foresee could result in any financial
 1-39 benefit to the individual. The term does not include an interest in
 1-40 a retirement plan, a blind trust, insurance coverage, or capital
 1-41 gains.

1-42 (3) "State agency" means a board, commission, council,
 1-43 committee, department, office, agency, or other governmental
 1-44 entity in the executive branch of state government.

1-45 Sec. 576.002. DUTY TO DISCLOSE AND REFRAIN FROM
 1-46 PARTICIPATION. (a) Except as provided by Subsection (b) or (c), in
 1-47 each matter before the governing board of a state agency or, if the
 1-48 agency is not governed by a multimember governing board, the
 1-49 officer who governs the agency, for which a member of the board or
 1-50 officer, as applicable, has a conflict of interest, the individual:

1-51 (1) shall disclose in writing the conflict of interest
 1-52 to the agency; and

1-53 (2) may not participate in the decision on the matter.

1-54 (b) If a majority of the members of the governing board of a
 1-55 state agency has a conflict of interest related to a matter before
 1-56 the board or, if the agency is not governed by a multimember
 1-57 governing board, the officer who governs the agency has a conflict
 1-58 of interest on the matter, the board or officer may decide the
 1-59 matter only if:

1-60 (1) each member, or the officer, as applicable, who
 1-61 has a conflict of interest discloses in writing the conflict of

2-1 interest to the agency; and
2-2 (2) the board, or officer, as applicable, makes a
2-3 finding that an emergency exists that requires a decision on the
2-4 matter despite the conflict of interest.

2-5 (c) The duty to disclose a conflict of interest and refrain
2-6 from participation in the decision on a matter for a member of the
2-7 governing board of an institution of higher education, as those
2-8 terms are defined by Section 61.003, Education Code, is governed by
2-9 Section 51.923, Education Code.

2-10 Sec. 576.003. PUBLIC INFORMATION. A written disclosure
2-11 made under Section 576.002 is public information.

2-12 Sec. 576.004. REPORT TO TEXAS ETHICS COMMISSION; RULES.
2-13 (a) A state agency that receives a written disclosure under Section
2-14 576.002 shall file a copy of the disclosure with the Texas Ethics
2-15 Commission.

2-16 (b) The Texas Ethics Commission may adopt the rules
2-17 necessary to implement this chapter, including rules on the
2-18 disclosure to be filed with the commission under Subsection (a).

2-19 Sec. 576.005. CRIMINAL PENALTY. (a) An individual commits
2-20 an offense if the individual knowingly fails to comply with Section
2-21 576.002.

2-22 (b) An offense under this section is a class B misdemeanor.

2-23 SECTION 2. Section 571.061(a), Government Code, is amended
2-24 to read as follows:

2-25 (a) The commission shall administer and enforce:

2-26 (1) Chapters 302, 303, 305, 572, 576, and 2004;

2-27 (2) Subchapter C, Chapter 159, Local Government Code,
2-28 in connection with a county judicial officer, as defined by Section
2-29 159.051, Local Government Code, who elects to file a financial
2-30 statement with the commission;

2-31 (3) Title 15, Election Code; and

2-32 (4) Sections 2152.064 and 2155.003.

2-33 SECTION 3. This Act takes effect September 1, 2015.

2-34 * * * * *